

Mayor Charles "Skip" Lee called the study session to order at 6:30 p.m. on Monday, March 11, 2013. Roll call. Present: Aldermen Barry Cox, Retha Elston, Joe Martin, and Lou Sotelo. Absent: Alderman Amy Viering.

Also present were City Manager Scott Shumard, Assistant to the City Manager Hadley Skeffington-Vos, Director of Financial Services Cindy Von Holten, Police Chief Ron Potthoff, and City Clerk Marie Rombouts.

Manager Shumard introduced Jim Snyder, Bond Counsel with Ice Miller, to present information on the conduit bond refinancing for Sauk Valley Commons. Snyder explained that in 2004 Sauk Valley Community College Foundation borrowed \$7 million to build the dormitories. The bank secured the bonds with a letter of credit. Sauk Valley Community College Foundation is in default on this project. United Housing and Community Service Corporation, a not-for-profit corporation is interested in purchasing the dormitories, complete needed repairs and continue to rent to students. The Federal Tax Code permits a government entity to issue bonds on a tax exempt basis. The possible issuers were Lee County, Sterling, Dixon or the Illinois Finance Authority. Snyder approached Sterling because of our working relationship. The City of Sterling would not be liable under these bonds, merely a conduit to issue tax exempt bonds. The bonds would be issued in an amount not to exceed \$5 million.

Attorney Coplan, Counsel for the Sauk Valley Foundation, explained the debt could not be met even if dormitories were at full occupancy. Harris Bank, the successor of Amcore Bank, who issued the original bonds, is expecting \$1.5 million and the rest of the debt would be covered by the FDIC.

Snyder recommended that the City have an indemnity agreement assuring no liability or debt is incurred by the City for the processing of these bonds. Snyder has worked with Rob LeSage in the past on bond issues in Sterling.

The Bond and Loan Agreement with a Resolution will be presented at the March 18, 2013 meeting.

Manager Shumard presented preliminary budgets for the following funds:

- Health Insurance
- Fire Pension
- Police Pension
- IMRF
- Social Security
- Trust Committee for the Veteran's Memorial

- Whiteside Area Housing Fund in collaboration with the Rock Island Growth Group
- Stormwater Projects

Shumard stated that he will present the last few funds at the next Council meeting, so the budget notice can be published, a hearing held on April 1, and final passage on April 15.

Manager Shumard stated the City has entered into sales tax rebate agreements with different retailers, most of which end in ten years. Kohl's rebate is for twenty years; primarily because it was a blighted area and Sterling was competing against Freeport for the store.

Shumard and Mayor Lee have been approached by a possible restaurant for sales tax rebates over a 15 year period, ranging from 90% in the beginning, to 50% in the last year. Mayor Lee stated the location is the old Ryan's and it would be the reuse of an abandoned property.

Alderman Cox stated that he is totally against any sales tax rebates for restaurants.

Manager Shumard stated the Council can look at these rebates on an individual basis but wanted them to be aware of the proposal.

With no further business to discuss, the meeting adjourned at 8:18 pm.

Marie Rombouts  
City Clerk